

## Scientex earnings down on rising raw material prices

PETALING JAYA: Scientex Bhd posted a 25% drop in net profit to RM112.17mil for the second quarter ended Jan 31, 2022 from RM93.69mil a year earlier, dragged down by rising material prices and freight costs.

However, the plastic packaging manufacturer and property developer recorded a 5% jump in revenue to RM952.0mil compared to RM906.55mil previously, thanks to higher demand for plastic packaging products.

In a filing with Bursa Malaysia yesterday, Scientex said it expected global economic conditions to remain challenging in view of the ongoing geopolitical tensions.

“Potential downside risks such as rising Omicron infections or the discovery of new pandemic variants, supply chain disruptions and rising global energy prices are additional factors which could derail global

economic recovery,” it added.

Cumulatively, for the first half of financial year ending Jul 31, 2022 (FY22), Scientex posted a 4% decline in net profit to RM204.70mil from RM196.56mil.

Revenue for the period was higher at RM1.88bil from RM1.71bil previously.

The group didn't declare any dividends.

Scientex said its packaging division contributed RM1.4bil, or 72.9%, of the group's revenue for the first half of FY22, a 14% jump from RM1.2bil a year ago, driven by firm demand for industrial and consumer packaging from the domestic and export markets.

Meanwhile, the property development division contributed RM509.3mil, or 27.1%, of the group's revenue in the first half, rising marginally from RM506.2mil previously.

Scientex expects the rising raw material

prices and high freight costs to remain key issues for the packaging division.

“We strive to mitigate the impact through efficiency enhancements, and diversification of our product portfolio with more value-added and sustainable products to capture growth,” said chief executive officer Lim Peng Jin in a statement.

“The global economy continues to be challenging, with multiple risks such as surging energy prices, supply chain disruptions and regional conflicts potentially derailing recovery,” he added.

On its property segment, Lim said the segment will also be facing higher raw material costs and materials shortages as well as changes in certain regulatory application processes, which have temporarily affected its operating efficiencies.